



COMPLIANCE UPDATE
By Kim Slote, policy analyst

CONCERNS ABOUT DEBT RELIEF COMPANIES

There are a number of articles and blog posts in recent industry news talking about the high levels of student loan debt and the number of borrowers currently in or at risk of being in default. Borrowers who are struggling with repayment of their student loans are vulnerable targets for student loan debt relief companies. Many debt relief companies claim to be able to significantly lower borrower payments, stop administrative wage garnishments, repair a borrower's credit or obtain loan cancellation or forgiveness much easier than the borrower could do for themselves. Advertising indicates the application processes and forms are very complex for the student loan consolidation or loan forgiveness programs. They also reportedly tell borrowers that student loan servicers and lenders are not very helpful or are unresponsive to calls for assistance. In some cases, debt relief companies rename the programs offered by the U.S. Department of Education or advertise programs that don't actually exist, such as the "Obama Forgiveness Program". When a borrower contacts one of these companies for help, they will often be charged large upfront fees, "enrollment" or "subscription" fees or monthly "account maintenance" fees to participate in the programs offered. **These charges are for services that are available for free!**

Before contacting a debt relief company to help with student loan repayment, it would be wise to first contact these agencies for information on debt relief companies and any complaints that may have been submitted against them.

- [Federal Trade Commission](#)
- [Consumer Financial Protection Bureau](#)
- [Missouri Office of Attorney General](#)

It is required that borrowers keep their loan holder up to date with current contact information. When they signed their student loan Master Promissory Note, they agreed to do this. Otherwise, borrowers might not receive important information regarding repayment plans, deferments or forbearances that are available to them free. They could also be at greater risk of falling victim to debt relief companies if they don't complete their programs or have little contact with their school or student loan servicer. Those of us in the student loan industry must continue to look for innovative ways to inform borrowers of their options and do it regularly to reinforce that knowledge, to enable borrowers to protect themselves from unscrupulous debt relief companies. More information on repayment options for student loans is available at [StudentLoan.gov](#).